

## Message Text

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ACTION EB-07

INFO OCT-01 AF-10 EUR-12 EA-07 ISO-00 AID-05 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02  
OPIC-03 SP-02 EPG-02 OMB-01 L-03 SSO-00 INRE-00  
NSCE-00 USIE-00 NSC-05 SS-15 STR-04 CEA-01 /090 W  
-----141635Z 064648 /47

O 141536Z JUN 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 4097  
AMEMBASSY BONN IMMEDIATE  
AMEMBASSY BRUSSELS IMMEDIATE  
AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE  
AMEMBASSY KINSHASA IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 17431

E.O. 11652: GDS  
TAGS: EFIN, CG  
SUBJECT: PARIS CLUB MEETING ON ZAIRE

REFS: A) STATE 132820/1 B) KINSHASA 5398

ZAIRE DEBT RESCHEDULING ISSUE DISCUSSED AT  
LENGTH WITH CHAIRMAN OF PARIS CLUB ALONG  
LINES OF REF. A. CHAIRMAN AGREES THAT NEGOTIATION  
OF 1978 DEBT WOULD BE PREMATURE AND SHOULD BE  
LEFT FOR A SUBSEQUENT PARIS CLUB MEETING LATER  
THIS YEAR. HE DOES FEEL, HOWEVER, THAT FOR  
REASONS OF TACT CLUB MEMBERS SHOULD BE PREPARED  
TO "LISTEN" TO ZAIRE'S VIEWS ON 1978 IF THE GOZ  
CONTINUES STRONGLY INTERESTED IN EXPRESSING SUCH  
VIEWS.

AS TO RESCHEDULING OF 1977 DEBT, CHAIRMAN AGREES  
THAT THE U.S. PROPOSAL WOULD MAKE SENSE IF, BUT  
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ONLY IF, THE U.S. PROJECTION OF BALANCE OF PAYMENTS  
FOR 1977 AS PER REF. B WERE CORRECT. BASED ON  
IMF/WORLD BANK ANALYSES REITERATED LAST WEEK,  
HOWEVER, TOTAL 1977 GAP WOULD BE \$210-250 MILLION  
INSTEAD OF \$110 MILLION CALCULATED IN REF. B. IF  
THIS LATTER FORECAST IS RETAINED BY PARIS CLUB AS  
BEING MORE LIKELY, THEN, IN CHAIRMAN'S VIEW, CLUB

TERMS SHOULD BE SUBSTANTIALLY MORE GENEROUS THAN  
U.S. PROPOSES. SPECIFICALLY, CHAIRMAN HAS  
FOLLOWING TENTATIVE PROPOSALS IN MIND:

A. RESCHEDULE INTEREST PAYMENTS DUE IN  
SECOND HALF OF 1977, AS WELL AS INTEREST FOR FIRST  
HALF AND PRINCIPAL DUE FOR WHOLE YEAR.

B. AGREE TO A MUCH LOWER INTEREST RATE ON THE  
CONSOLIDATED DEBT THAN LAST YEAR -- E.G. 4 OR  
5 PERCENT INSTEAD OF 8 PERCENT.

C. IF 85 PERCENT OF CONSOLIDATED DEBT RESCHEDULED  
OVER 10 YEARS WITH 4 YEARS GRACE PERIOD AS  
LAST YEAR, RESCHEDULING OF REMAINING 15 PERCENT  
SHOULD BE ON EASIER BASIS THAN LAST YEAR'S  
2-YEAR REPAYMENT SCHEDULE.

D. AGREE AT PARIS CLUB AS TO ALL ESSENTIAL  
TERMS TO BE INCLUDED IN SUBSEQUENT  
BILATERALS; THIS WOULD INCLUDE INTEREST RATES.

LATTER POINT INCLUDED BY CHAIRMAN BECAUSE OF  
GOZ COMPLAINT THAT PROLONGED NEGOTIATIONS  
FOR SEPARATE BILATERALS LAST YEAR TIED UP  
FOR LONG PERIODS SEVERAL KEY FINANCIAL  
TECHNICIANS SORELY NEEDED IN KINSHASA  
TO HELP MAKE THE STABILIZATION PROGRAM WORK.

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HE AGREES WITH ZAIRE'S THAT A REPETITION THIS  
YEAR SHOULD BE AVOIDED.

OVERALL, CHAIRMAN VERY CONCERNED ABOUT FACT THAT  
GOZ IS ALREADY IN ARREARS ON REPAYMENTS TO WHICH  
IT COMMITTED AT LAST YEAR'S PARIS CLUB  
MEETING. IN VIEW OF THIS ARREARAGE, PLUS ZAIRE'S  
CURRENT TIGHT ECONOMIC SITUATION AND ITS RECENT  
COMMITMENT TO THE IMF PROGRAM, HE FEELS THAT THE  
MOST REALISTIC STRATEGY IS TO WIPE THE SLATE  
AS CLEAN AS POSSIBLE FOR 1977 AND TO ESTABLISH  
A SOLID FOUNDATION FROM WHICH TO BUILD LATER  
THIS YEAR WITH A VIEW TOWARDS 1978.

COMMENT: CHAIRMAN OF PARIS CLUB HAS OBVIOUSLY  
DONE CONSIDERABLE HOMEWORK ON THE ZAIRE DEBT  
PROBLEM, INCLUDING INTENSIVE TALKS WITH THE

ZAIROIS. HE IS ALSO CLEARLY ANXIOUS TO PRESERVE  
THE PARIS CLUB AS AN EFFECTIVE WORKING  
MECHANISM FOR DEALING WITH LDC DEBT PROBLEMS

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O 141536Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 4098

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AMEMBASSY LONDON IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY KINSHASA IMMEDIATE

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 17431

DESPITE COUNTERVAILING PRESSURES IN CIEC AND OTHER  
FORUMS. ALSO LURKING IN BACKGROUND IS FRENCH  
PRESIDENT GISCARD'S VISION OF A SPECIAL FRENCH  
ROLE IN ZAIRE. ALL OF THIS LEADS TO A  
RATHER FORTHCOMING APPROACH TO ZAIRE AT THE JULY  
PARIS CLUB MEETING. THE NEW CLUB CHAIRMAN IS ALSO  
VERY HOPEFUL, HOWEVER, OF ESTABLISHING A BETTER  
WORKING RELATIONSHIP WITH THE U.S. THAN PREVAILED  
WITH HIS PREDECESSOR. HE WOULD, THEREFORE,  
APPRECIATE AS MUCH PRIOR READING AS POSSIBLE OF  
U.S. VIEWS. HE WOULD ALSO LIKE TO MEET  
BILATERALLY WITH THE HEAD OF U.S. DELEGATION ON  
TUESDAY, JULY 5, IN LATE AFTERNOON OR, IF  
NECESSARY, EVENING.

ACTION REQUESTED:

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A. PLEASE PROVIDE AS MUCH COMMENT AS APPROPRIATE  
AND POSSIBLE ON CHAIRMAN'S VIEW OF ZAIRE DEBT  
RESCHEDULING OUTLINED ABOVE.

B. PLEASE ADVISE AS TO AVAILABILITY OF HEAD OF  
U.S. DELEGATION TO MEET WITH CHAIRMAN OF PARIS  
CLUB ON JULY 5.  
GAMMON

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMITTEE MEETINGS, DEBT REPAYMENTS  
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**Copy:** SINGLE  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 STATE 132820, 77 KINSHASA 5398  
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**Review Media Identifier:**  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PARIS CLUB MEETING ON ZAIRE  
**TAGS:** EFIN, CG, PARIS CLUB  
**To:** STATE BONN  
**Type:** TE  
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**Review Markings:**  
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